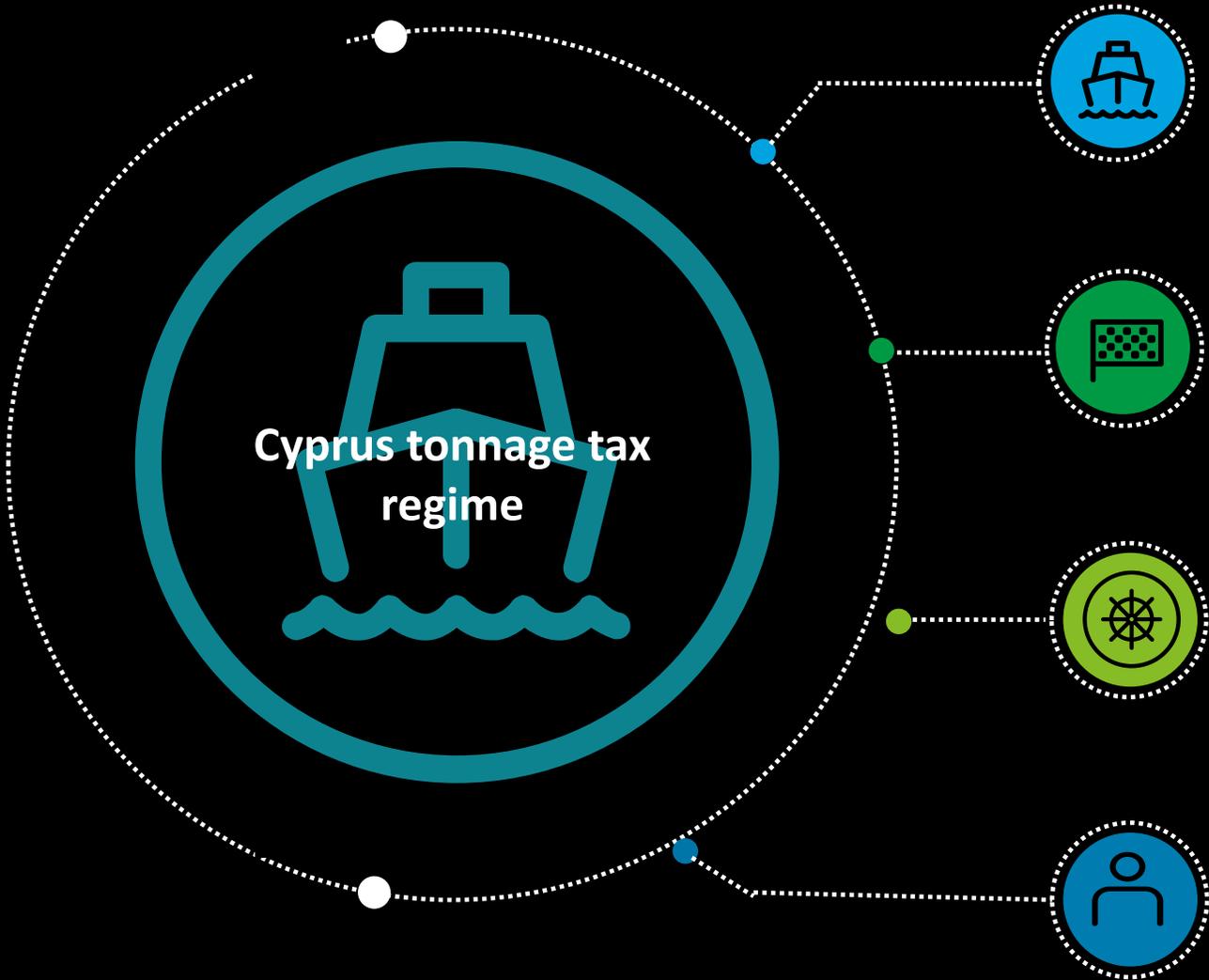


Setting up business in Cyprus – The tax landscape

Tax benefits for shipping companies and individuals

Pieris Markou, CEO, Deloitte Cyprus

Cyprus tonnage tax regime



Definition of “eligible ship”

- ✓ Cyprus flag vessel owners;
- ✓ EU flag vessel Cyprus tax resident owners (subject to election);

Mixed Fleet

- ✓ Mixed fleet Cyprus tax resident owners (subject to election);

Chartering

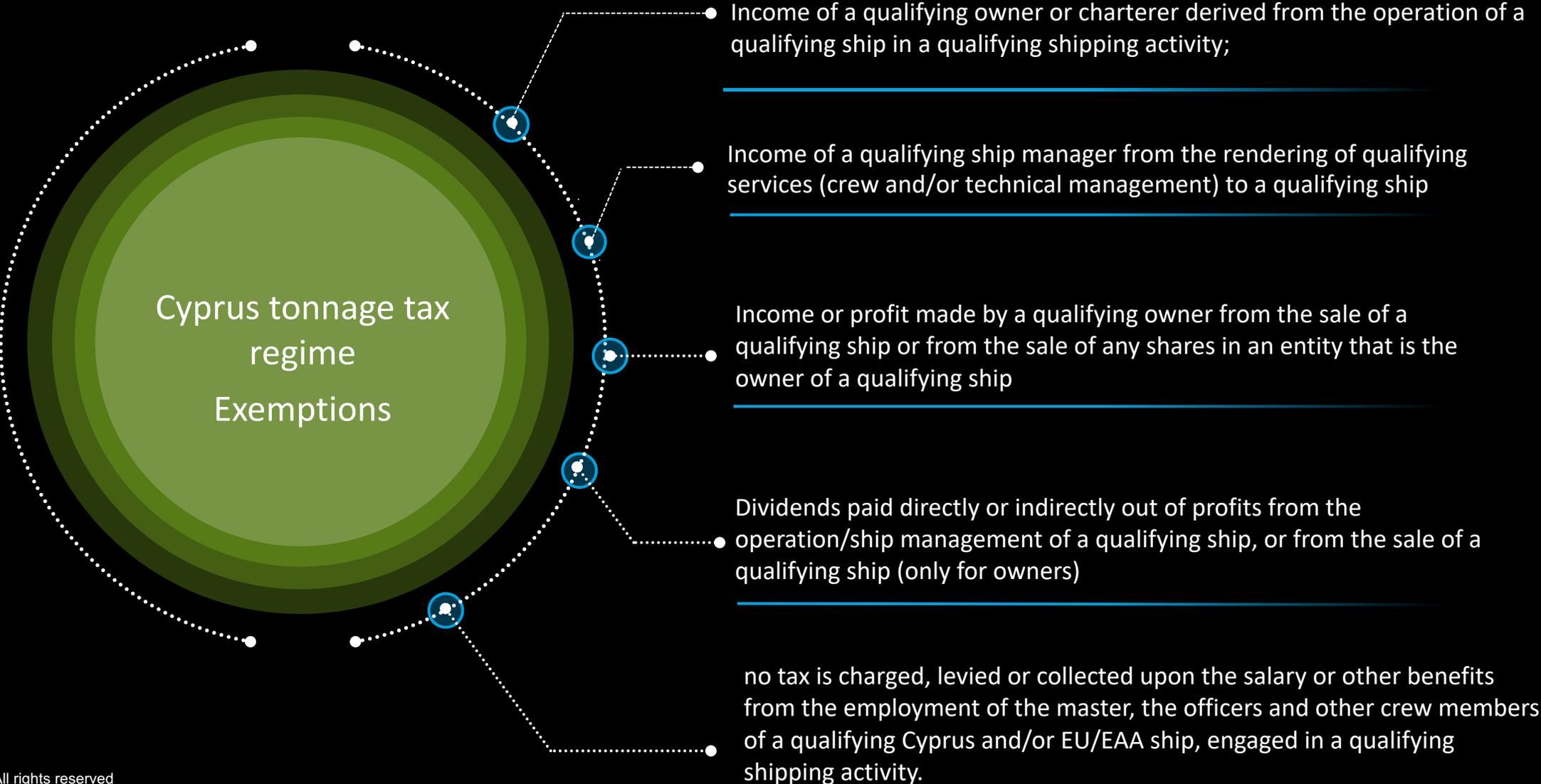
- ✓ Cyprus tax resident charterers (subject to election);

Ship Managers

- ✓ Cyprus tax resident ship managers (subject to election).

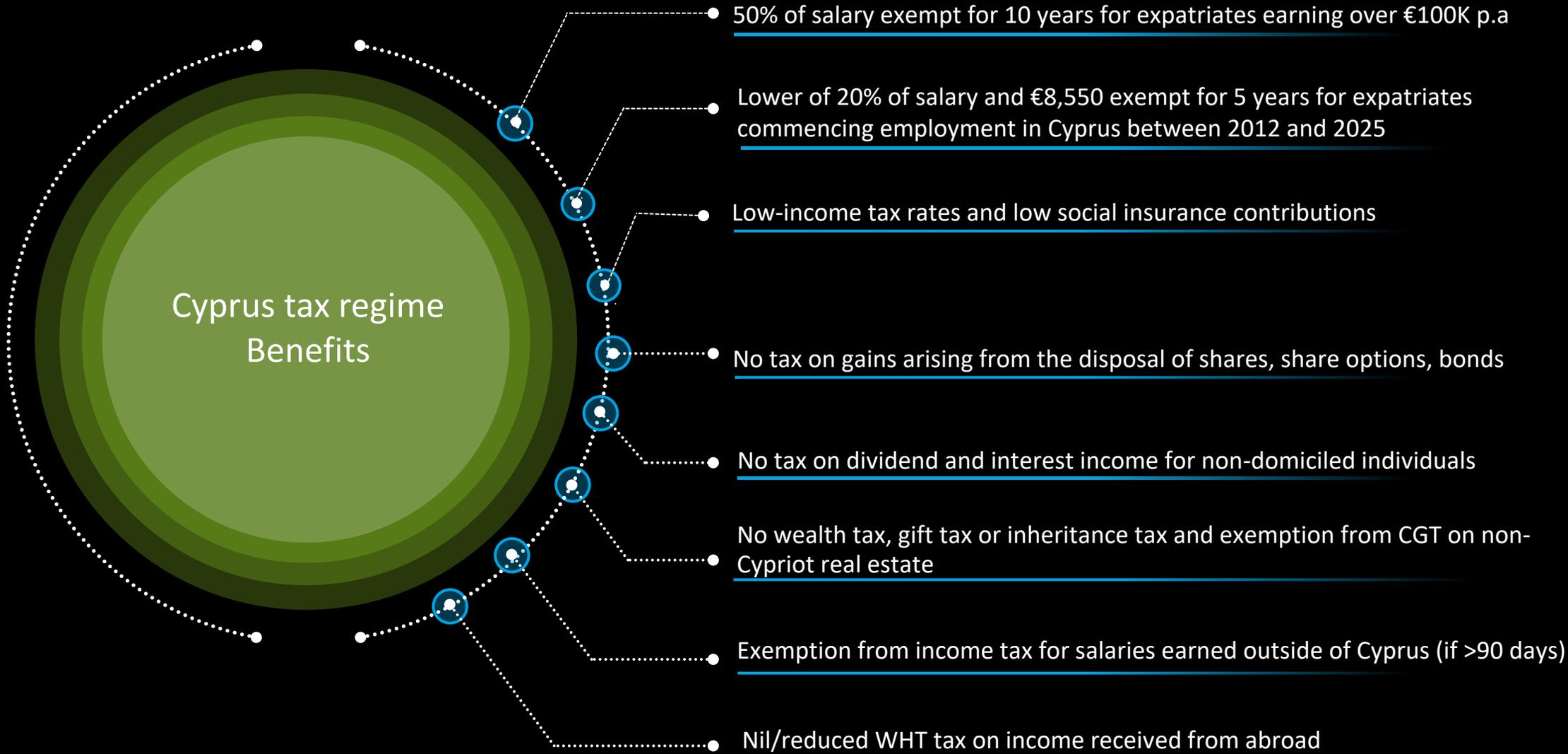
Shipping in Cyprus – The tax landscape

Tonnage Tax Regime



Shipping in Cyprus – Other Tax Benefits

Tax benefits for land-based personnel



Cyprus Tonnage Tax Regime

Recent Changes

Definition of “eligible ship”

Added to the definition:
Cable laying vessels, pipeline laying ships, research vessels, mobile offshore extraction platforms, offshore oil and gas support vessels, multi-purpose support ships, break-bulk support ships and other types of support vessels, cruise ships, commercial yachts, accommodation ships for offshore workers

Excluded from the definition:
Floating storage units not used for maritime transport.

Definition of “maritime transport”

New definition contains conditions under which auxiliary activities are subject to tonnage tax, provided that revenues therefrom do not exceed 50% of the activities of the total gross revenue from the operation of each eligible vessel under tonnage tax by an eligible ship-owner or eligible charterer in maritime transport.

Restrictions on bareboat chartering

Income from bareboat chartering will be subject to tonnage tax if:

- charterer is part of the same group of companies as ship-owner; or
- chartering period does not exceed 3 years; and
- ship-owner is not himself able to use the ships in question in maritime transport; and
- At least 50% of the tonnage under the owner’s ownership is exploited by itself.

Taxation of crew members

Tax exemption has been extended to the employment income of crew members of Community flag eligible ships.

Shipping in Cyprus

Concluding remarks

Sunshine all year round

360 days of sunshine and well being

EU location at your doorstep

Investment protection and EU directives

Access to top talent

High percentage of well-educated labour force

Low operating costs

High standard and quality of business infrastructure at low cost

Well established Legal and Tax laws

Experience in serving the international investor for 40+ years

High quality professional services

Mostly educated and experienced in the UK and US





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